



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/20/2003

GAIN Report #NI3016

Nigeria

Product Brief

The Nigerian Seafood Market 2003

Approved by:

Jamie Rothschild, Agricultural Attache

U.S. Consulate

Prepared by:

Uche Nzeka, Agricultural Marketing Specialist

Report Highlights:

The Nigerian market currently offers an excellent opportunity for U.S. exporters. With the current ban on poultry meat and the relatively low duty (5%) on seafood product imports, U.S. suppliers need to investigate this vast market. The population of over 120 million currently consumes an average of ten kilos/capita. Nigeria imported approximately 600,000 tons in 2002 with an estimated value of \$450 million (Industry/AgOffice estimate). There will likely be increased output from the aquaculture sector in the upcoming years due to the high demand for seafood in this country. However, it will take some time before production can catch up with domestic requirements.

Table of Contents

Market Overview.....	1
Advantages & Challenges	2
Market Sector Opportunities And Threats.....	3
Costs And Prices.....	6
Market Access.....	7
Post Contacts And Further Information.....	7
Appendix I: Table Annual Indicators of Nigeria's Economic Structure.....	9
Appendix II: Nigeria's Seafood Classifications & Codes.....	10

SECTION I. MARKET OVERVIEW

- ' With the GON's tariff reduction on all fishery products (including fin fish and invertebrates) from 25 percent to 5 percent, Nigeria has become a major destination for imported seafood.
- ' FAS Lagos anticipates that Nigeria's total market supply will grow 10-25 percent in 2003.
- ' Frozen fish such as croaker, herring and mackerel are the major species imported into Nigeria. Some canned products are also imported. Tilapia and catfish are the major species farmed by local fish farmers.
- ' Fish are affordable for much of the local population. Deep sea shrimp are mostly sold to overseas markets although some remain for the restaurant/hotel sector and retail trade for high income households.
- ' Experienced local traders of fishery products are interested in importing US seafood products especially mackerel.
- ' The traditional (open stalls) markets account for approximately 96 percent of sales of fish products. Wholesales or retailers are located at these markets and purchase from importers/distributors or have the product delivered if they own their own small cold store located within the market area.
- ' The EU is the dominant supplier of frozen seafood products with more than 70 percent of market share.
- ' The U.S. share of the total market is estimated at one percent despite perceived higher quality and lower export prices.
- ' If competitive transportation can be located, Nigeria currently offers excellent sales opportunities for U.S. seafood (especially, fish) products.
- ' USDA/FAS office in Lagos-Nigeria will assist new-to-market U.S. fish exporters to establish contacts with Nigerian importers.

Advantages and Challenges:

Advantages	Challenges
Nigeria's large population of more than 120 million grows at 3 percent per annum.	Average per capita income is estimated at \$350.
Fish consumption accounts for about 25 percent source of animal protein in Nigeria.	U.S. seafood products are not readily available in Nigeria, are relatively unknown to local trade and consumers.
The Nigerian consumer's view of U.S. offers as generally high-quality items.	Higher shipment freights from the U.S.
Tourism, expatriate community & rural to urban migration is increasing--this is also, increasing frozen food consumption.	Direct US-West Africa shipping routes are not frequent.
GON's ban on imported frozen poultry products which was a major substitute for animal protein needs in Nigeria.	Lack of freight consolidators in the U.S. to handle Nigerian importer ordering and shipping requirements.
GON's tariff reduction on all fishery products (including fin fish and invertebrates) to 5 percent from 25 percent in 2001.	The U.S. share of the total market is low at less than 2 percent despite a general local consumer perception of higher quality U.S. offers and competitive product prices.
Approval of local banks for the USDA's GSM export credit programs and the extension of Supplier Credit Guarantee Program to Nigeria since 1999.	U.S. seafood products are not purchased with concessionaire credit.
Lower export prices of higher quality U.S. fish products.	Negative perceptions about Nigerian businesses among U.S. exporters.
Nigeria's domestic fishing activities contributed 10 percent of total market supply in 2002.	Transactions are frequently on a cash basis as banks require large deposits for l/c sales.

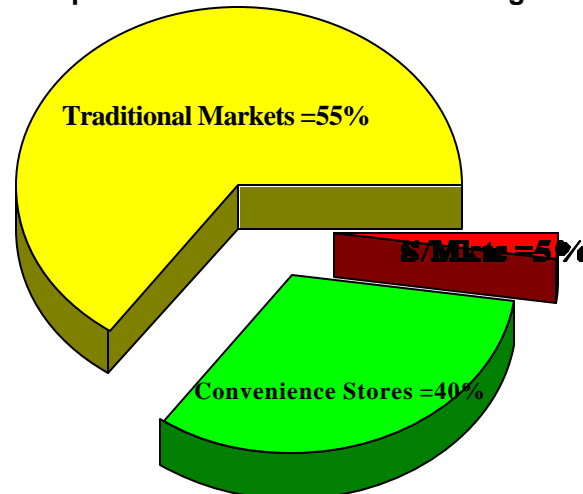
SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Imports and Distribution Pattern:

- Nigeria's seafood market provides the most sales opportunities in the retail food sector.

- Nigeria's conventional retail food sector consists of large supermarkets, convenience stores and small groceries, and traditional (open air) markets. These sub-groupings usually account for 5 percent, 40 percent and 55 percent respectively, of total retail food sales.

Composition of the Retail Sector in Nigeria



- However, for imported fish products, 96 percent of the total is sold in the traditional market, about one percent via supermarkets, and three percent at the "Frozen Food Stores" (convenience stores).

Distribution Pattern for Fish in Nigeria

Traditional Markets	96 %
Convenience Stores (Frozen Food Stores)	3 %
Supermarkets	1 %

- Imports fill the domestic fishery products supply gap in Nigeria. In 2002, we estimate Nigeria imported an estimated 600,000 tons (valued more than \$450 million).
- Atlantic mackerel, herring, and croaker are the dominant Nigerian seafood imports. However, catfish/sadinela are also imported. Some croaker is produced locally.

Species	Market Share
Croaker	5 %
Mackerel	65 %
Herring	20 %
Others (includes tuna, catfish, sardinella, tilapia, etc)%	10 %

- ' Croaker are preferable but are considered relatively expensive for many consumers.
- ' Frozen fish supplies are dominated by the EU, especially the Netherlands (mackerel).
- ' Other supplying countries include: China, Korea, Brazil, Paraguay, Uruguay, USA & Gambia, Mauritania, Namibia, Angola, Morocco, etc.
- ' Local distributors comment that the packaging of fish products from the Netherlands is "distributor-friendly" and therefore profitable.
- ' Industry sources claim that some seafood imports from the Netherlands may be repackaged products from other origins. Major fish exporters in the Netherlands reportedly have huge investments in trawling and fishing activities in other fish-producing countries, especially African countries.
- ' Imported frozen seafood is usually shipped to Apapa-Lagos, Port Harcourt and Warri and are inspected, passed through custom clearance. After clearance the products are transported in refrigerated trucks to cold storage warehouses located within Lagos and other urban centers. Wholesalers, usually have their cold storage facilities and purchase as the product is offloaded or take stock from importers' cold stores.
- ' For health reasons, the GON classifies port clearance for fish landings at Nigeria's ports as "Priority". Importers are allowed to transport their consignments to their warehouses even upon a partial payment of duty and port charges (usually 80 percent)--the remainder to be paid later at an agreed time.
- ' Imported seafood products are shipped in branded boxed packages of 16kg, 20kg and 25 kg and the number of fish per box varies with fish sizes - small, medium or large, which range from 80 to 120 units.
- ' Frozen seafood imports are widely distributed in the country, through a network of privately-owned cold stores located in major cities. The seafood is available frozen in city markets, and also smoked for rural village markets.

Entry Strategy:

New-to-market U.S. seafood product exporters should adopt strategies and tactics which are effective for selling to the traditional market:

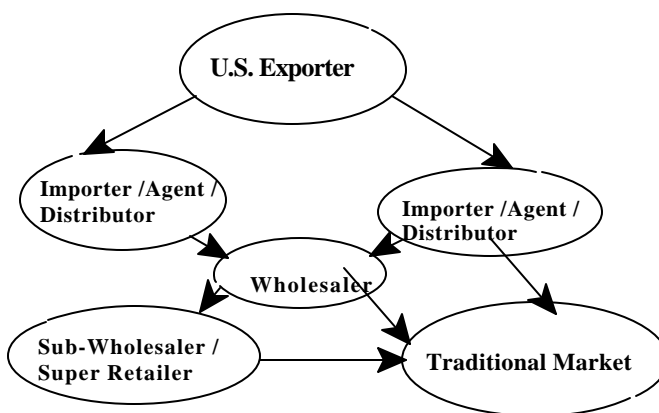
- ' Contact the Agricultural Attache, American Consulate, Lagos-Nigeria for assistance in selecting a local distributor/agent.
- ' Appoint and motivate local distributors/agents in Nigeria to process certifications with the GON regulatory bodies, introduce the product, and develop consumer demand.
- ' Exhibit at Boston Seafood Show which is attended by Nigerian seafood product importers and where follow-up contacts could be made.
- ' Offer flexible shipping volumes.
- ' Look for competitive shipping rates

Market Structure & Profiles of Nigeria's Traditional Market:

- ' Nigeria's traditional markets consist of small stalls clustered in a large grouping under a single roof or open air venue.
- ' Consumers often buy units usually for one-time use from the retailers and sometimes, from the sub-wholesalers.

Distribution Flowchart for Traditional Markets

- ' Sub-wholesalers or Super-retailers always buy from wholesalers to break bulk further except for promotional sales.



- ' The wholesaler is the nucleus of distribution channels in Nigeria's retail sector and serves nearly every member in the distribution channel.
- ' More than 80 percent of distribution channel members in Nigeria's traditional market are retailers.
- ' Product prices are about 20-30 percent lower in the traditional markets than in convenience

stores and supermarkets.

- ' Pricing in Nigeria's traditional markets is often not fixed--sales prices are usually negotiated on the spot.

SECTION III. COSTS AND PRICES

- ' Average C&F Lagos for:

Croaker (mostly from South America)	\$910 per ton
Mackerel (mostly from the Netherlands)	\$600 - \$900 per ton for small-large sized
Herring	\$430 per ton

- ' Average Freight for fish shipments from:

United States	\$150 per ton
South America (Brazil/Paraguay/Uruguay, etc)	\$115 per ton
EU countries	\$90 per ton
Mauritania	\$90 per ton

*** industry sources

- ' Clearing and Land Transportation Costs charged by the local clearing agents average 3-5 percent on cost.
- ' Average warehousing & distribution costs are 5 to 7 percent of C&F.
- ' Local pricing is both fluctuating and competitive--local importer-distributors try hard to mark up 2-3 percent on C&F.
- ' Pricing analysis in Nigeria's retail fish businesses are explained as follows:

	Products from Domestic Sources	Imported Products from Other Countries	Imported Products from USA
Average Price ratio(/100)	1	0.63	0.75

	Super- markets	Convenience Shops	Traditional Markets
Retail mark-up for imports (%)	30	15	5
Retail mark-up for domestic products (%)	10	7	3

	Importer	Wholesaler	Retailer
Average mark-up for distribution channel members (%)	3	10	20

SECTION III. MARKET ACCESS

Regulations:

- ' Seafood imports are regulated by the Federal Fisheries Unit of the Federal Ministry of Agriculture and Natural Resources (Nigeria's Department of Agriculture).
- ' The Federal Fisheries Unit issues import licences to firms applying to import after due certifications.
- ' Certification requirements include: 1) Certificate of Origin and Hygiene 2) Proof of ownership of efficient cold storage and trucking facilities.
- ' Licenses are issued per import purchase and shipment.
- ' Labeling requirements include: 1) consignee's mark and port mark 2) containers must be numbered to correspond with numbers on invoices.
- ' Fish imports, like all products, are subject to a duplicate inspection: 1) a pre-shipment inspection by an appointed GON agent at the country of shipment and, 2) a 100 percent destination inspection at Nigeria's port by the Federal Fisheries and by HVP, Nigeria's food and drug regulation agency.
- ' These GON agencies must inspect and clear any imported fish consignments prior to their release to the importers.
- ' Tariff: The Nigerian Customs Service is GON's agency for import duty collection. Tariffs on all fishery products (including fin fish and invertebrates) is 5 percent since 2001. Tariffs are assessed at 5 percent Value Added Tax (VAT). The 5 percent VAT is charged on CIF value plus (+) import duty (+) a port surcharge assessed at 7 percent of import duty (+) 1 percent of import duty (called Customs Service inspection charge).

SECTION IV: POST CONTACT AND FURTHER INFORMATION:

1. Agricultural Affairs Office (USDA/FAS)

American Consulate General
#2, Walter Carrington Crescent
Victoria Island, Lagos-Nigeria
Tel/Fax: 234 -1 - 261-3926, 7750830
e-mail:- aglagos@fas.usda.gov
Website:- <http://www.fas.usda.gov>

2. National Agency for Food & Drug Administration & Control (HVP)

Plot 1057, OFF Moshood Abiola Road
By Oyo Road, Area 2
Garki, Abuja-Nigeria
Tel: 234-9-2346380-3
Website: www.NAFDAC.org

3. Nigeria Customs Service

Customs Headquarters
3-7, Abidjan Street
off Sultan Abubakar Way, Wuse Zone 3
Garki-Abuja-Nigeria
Tel: 234-9-5236394, 2534680
Fax: 234-9-5236394, 5234690

4. Federal Ministry of Agriculture & Rural Development

Block A, FCDA Secretariat Complex
AREA 11, Garki, Abuja
Tel: 234-9-314-2622, 314-314-6509, 314-2914

Appendix I

Nigeria's Economic Structure: Annual Indicators are tabulated below:

	1998*	1999*	2000**	2001**	2002* *
GDP at market prices (N bn)	2.8	3.2	4.2	4.5	4.9
GDP (US\$ bn)	33.2** *	34.8** *	41.4*	40.9	40.7
Real GDP growth (%)	1.9	1.1	3.8*	3.8*** *	2.9
Consumer price inflation (av; %)	10.0	6.6	6.9*	18.2	14.2
Population (m)	116.8* *	120.1* *	123.3	126.6	129.9
Exports of goods fob (US \$ m)	10,114 **	11,927 **	21,395	17,949	17,256
Imports of goods fob (US\$ m)	9,276* *	9,478* *	11,068	12,303	13,650
Current account balance (US\$ m)	- 3,085* *	- 1,755* *	4,187	1,124	-1,225
Foreign exchange reserves excluding gold (US\$ m)	7,101	5,450	9,911*	10,457 *	7,452
Total external debt (US\$ bn)	30.3	29.2	29.2	28.8	29.7
Debt service ratio, paid (%)	10.2**	7.3**	4.2	6.0	4.3

Exchange rate (av.) N: US\$	85.25	92.34	101.70*	111.23 *	120.79
-----------------------------	-------	-------	---------	-------------	--------

* Actual. ** Economic Intelligence Unit estimates. *** Converted at the autonomous rate from 1995 to 1999. **** Official Estimates. N represents Naira (Nigeria's currency). Average Current Exchange Rate, N138:US\$)

Source: Economist Intelligence Unit, Country Report (Nigeria), February 2003. p.5

Appendix II

Nigeria's Seafood Categories

Seafood products prevalent to the Nigerian market and covered by GON's Customs & Excise tariff coding are tabulated as follows:

Tariff Code	Seafood Category
03.01	Live Fish
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat under heading 03.04
03.03	Fish, frozen, excluding fish fillets and other fish meat under heading 03.04
03.04	Fish fillets and other fish (whether or not minced), fresh, chilled or frozen
03.05	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meal and pellets of fish fit for human consumption
03.06	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; Crustaceans, in shell, cooked by steaming or not chilled, frozen, dried, salted or in brine, flours, meals & pellets of crustaceans, fit for human consumption.
03.07	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or brine; aquatic invertebrates other than crustaceans and molluscs, frozen, dried, salted or in brine, flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption.

***Tariff on the above seafood product categories (vertebrates & invertebrates) was reduced from 25 percent to 5 percent in 2001.

Source: Nigeria Customs & Excise Tariff Book, 1995-2001.